

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended.

Local Government Type <input type="checkbox"/> City <input type="checkbox"/> Township <input type="checkbox"/> Village <input checked="" type="checkbox"/> Other		Local Government Name Rogers City Area Ambulance Authority	County Presque Isle
Audit Date 6/30/04	Opinion Date 5/3/05	Date Accountant Report Submitted to State: 6/15/05	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.


We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- ☐ Yes ☒ No 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- ☐ Yes ☒ No 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- ☒ Yes ☐ No 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- ☐ Yes ☒ No 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- ☐ Yes ☒ No 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- ☐ Yes ☒ No 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.
- ☐ Yes ☒ No 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).
- ☐ Yes ☒ No 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).
- ☐ Yes ☒ No 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

We have enclosed the following:

	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.	✓		
Reports on individual federal financial assistance programs (program audits).			✓
Single Audit Reports (ASLGU).			✓

Certified Public Accountant (Firm Name) J.W. KIELISZEWSKI, CPA, PC			
Street Address 476 NORTH THIRD ST		City ROGERS CITY	State MI
Accountant Signature 		ZIP 49779	Date 6/15/05

ROGERS CITY AREA AMBULANCE AUTHORITY
FINANCIAL REPORT
For the Fiscal Year Ended June 30, 2004

Rogers City Area Ambulance Authority
Financial Report
For the Fiscal Year Ended June 30, 2004

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May 3, 2005

Independent Auditor's Report

Board of Directors
Rogers City Area
Ambulance Authority
Rogers City, Michigan

I have audited the accompanying financial statements of the business-type activities of the Rogers City Area Ambulance Authority, Michigan, as of and for the fiscal year ended June 30, 2004, as listed in the table of contents. These financial statements are the responsibility of the Rogers City Area Ambulance Authority's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

As described in Note 1, these financial statements were prepared on the basis of cash receipts and disbursements, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In my opinion, the accompanying financial statement present fairly the assets and liabilities of the Rogers City Area Ambulance Authority, State of Michigan at June 30, 2004, arising from cash transactions, and its receipts collected and disbursements paid during the year then ended, on a basis consistent with that of the preceding year as described in Note 2.

As described in Note 1, the Rogers City Area Authority has implemented a new financial reporting model, as required by the provisions of GASB Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, as of July 1, 2003.

The management's discussion and analysis is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. I have applied certain limited procedures, which

Rogers City Area Ambulance Authority
Independent Auditor's Report
(Continued)

consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, I did not audit the information and therefore express no opinion on it.

J W Kuligish

ROGERS CITY AREA AMBULANCE AUTHORITY

MANAGEMENT'S DISCUSSION AND ANALYSIS

Overview of the Basic Financial Statements

The Rogers City Area Ambulance Authority (the "Authority")'s basic financial statements include government-wide statements and notes to the financial statements. Because this is the first year of implementation of GASB Statement No. 34, prior year numbers are not presented within this Management's Discussion and Analysis. A comparative analysis will be provided in future years when prior year information is available.

Government-wide Financial Statements

The government-wide financial statements report information on the Authority's business-type fund. The government-wide statements are designed to provide readers with a broad overview of the Authority's finances, in a manner similar to a private-sector business.

The Statement of Net Assets displays all of the Authority's assets and liabilities, with the difference reported as net assets. All long-term assets and debt obligations are presented, as applicable.

The Statement of Activities focuses on the current year's revenues and expenses using accounting methods similar to those used by private sector businesses. This statement measures the Authority's change in net assets for the year.

Notes to Financial Statements

The notes provide additional information essential to a full understanding of the data provided in the government-wide financial statements.

Government-wide Financial Analysis

The table below summarizes the Authority's net assets as of June 30, 2004:

Assets:	
Current and Other Assets	\$ 174,443
Capital Assets, Net of Accum Depreciation	<u>99,487</u>
Total Assets	<u>273,930</u>
Liabilities:	
Current Liabilities	<u>98,017</u>
Net Assets:	
Investment in Capital Assets, Net of Related Debt	99,488
Unrestricted	<u>76,425</u>
Total Net Assets	<u><u>\$ 175,913</u></u>

At the end of the fiscal year, the Authority is able to report positive balances in both categories of net assets. The first portion of the Authority's net assets is its investment in capital assets, less any related debt used to acquire those assets that is still outstanding. The Authority uses these capital assets in providing ambulatory services; consequently, these assets are not available for future spending.

The remaining portion of net assets, unrestricted net assets, may be used at the Authority's discretion to meet ongoing obligations.

The results for the Authority as a whole are reported in the Statement of Activities, which is summarized below:

Operating Revenues	\$ 222,079
Operating Expenses	<u>158,621</u>
Operating Income (Loss)	63,458
Net Non-operating Income (Expense)	<u>703</u>
Change in Net Assets	64,161
Net Assets, Beginning of Year	<u>111,752</u>
Net Assets, End of Year	<u>\$ 175,913</u>

As shown above, the current year operating gain was \$63,458.

Budgetary Highlights

The Authority has approved no budget for June 30, 2004.

Capital Assets

At June 30, 2004, the Authority had \$176,438 invested in capital assets. The following table summarizes the capital asset activity of the year.

	<u>7/1/2003</u>	<u>Additions</u>	<u>Disposals</u>	<u>6/30/2004</u>
Assets Being Depreciated	\$ 170,375	\$ 6,063	\$ -	\$ 176,438
Less: Accumulated Depreciation	<u>48,916</u>	<u>28,035</u>	<u>-</u>	<u>76,951</u>
Net Capital Assets	<u>\$ 121,459</u>	<u>\$(21,972)</u>	<u>\$ -</u>	<u>\$ 99,487</u>

Economic Factors

The Rogers City Area Ambulance Authority is a small local ambulance authority that subcontracts its ambulatory service needs to a local for-profit corporation and relies primarily on tax levy appropriations from participating local units of government for its support. The participating units include the City of Rogers City, and the townships of Bearinger, Belknap, Bismarck, Krakow, Metz, Moltke, Ocqueoc, Posen, Pulawski and Rogers.

Financial Contact

The Authority's financial statements are designed to present users with a general overview of the Authority's finances. Questions concerning any of the information provided in the report or request for additional financial information should be directed to the Chairman of the Board of the Rogers City Area Ambulance Authority.

ROGERS CITY AREA AMBULANCE AUTHORITY
STATEMENT OF NET ASSETS
June 30, 2004

2004

ASSETS

Current Assets: Cash in Checking	\$ 174,443
Fixed Assets: Furniture, Fixtures & Equipment	176,438
Less: Accumulated Depreciation	<u>(76,951)</u>
Total Fixed Assets (Net)	<u>99,487</u>
Total Assets	<u>\$ 273,930</u>

LIABILITIES AND NET ASSETS

Liabilities:

Current Liabilities: Account Payable-Lifelink	\$ 66,017
Long-term Liabilities: Presque Isle County	<u>32,000</u>
Total Liabilities	<u>98,017</u>

Net Assets:

Invested in Capital Assets, Net of Related Debt	99,488
Unrestricted	<u>76,425</u>
Total Net Assets	<u>175,913</u>
Total Liabilities and Net Assets	<u>\$ 273,930</u>

See accompanying Notes to Financial Statements.

ROGERS CITY AREA AMBULANCE AUTHORITY
STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN
NET ASSETS
For the Fiscal Year Ended June 30, 2004

	<u>2004</u>
Operating Receipts:	
Taxes and fees	\$ 210,741
Fuel Reimbursement	6,273
State Grants	<u>5,065</u>
Total Operating Receipts	<u>222,079</u>
 Operating Disbursements:	
Fuel	6,369
Insurance	2,274
Services-Allied EMS	106,880
Services-Onaway Ambulance	15,063
Depreciation	<u>28,035</u>
Total Operating Disbursements	<u>158,621</u>
 Operating Income (Loss)	<u>63,458</u>
 Non-Operating Receipts:	
Interest Income	<u>703</u>
 Change in Net Assets	64,161
 Net Assets, Beginning	<u>111,752</u>
 Net Assets, Ending	<u>\$ 175,913</u>

See accompanying Notes to Financial Statements.

ROGERS CITY AREA AMBULANCE AUTHORITY
NOTES TO FINANCIAL STATEMENTS
June 30, 2004

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

In June 1999, the GASB issued Statement No. 34, *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments*. In accordance with Statement No. 34, the Authority is considered to be a Special- Purpose Government due to engaging in only one business type of activity. To conform to the Statement, the Authority has included a Management’s Discussion and Analysis section. Because this is the first year of implementation of GASB Statement No. 34, prior year numbers are not presented within the Management’s Discussion and Analysis. A comparative analysis will be provided in future years when prior year information is available.

The accounting policies of the Rogers City Area Ambulance Authority conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units, with the exception that the Authority utilizes the “cash basis” of accounting. The Authority’s reporting entity applies all relevant Governmental Accounting Standards Board (GASB) pronouncements. Proprietary funds apply Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements, in which case GASB prevails. Pronouncements of the FASB issued after November 30, 1989, are not applied in the preparation of the financial statements of the proprietary fund in accordance with GASB Statement No. 20. The following is a summary of the significant accounting policies used by the Authority:

Reporting Entity

The Rogers City Area Ambulance Authority, State of Michigan (the “Authority”) is located in Presque Isle County and was founded on July 1, 2001 under provisions of Act No. 57 of the Public Acts of 1988 of the State of Michigan (Enabling Act). The incorporating municipalities creating the Authority are the City of Rogers City and the Townships of Bearinger, Belknap, Bismarck, Krakow, Metz, Moltke, Ocqueoc, Posen, Pulawski, and Rogers. The purposes of the Authority are to furnish emergency medical services and to acquire, own, improve, enlarge, extend, operate, and administer an emergency medical system, or to contract for the furnishing of such service, to the Authority by any other appropriate source, and to carry out any one or more of any of the foregoing functions servicing the needs of the incorporating municipalities. Its predecessor was the Rogers City Area Ambulance Board, which was disbanded by transferring all assets and liabilities to the Authority. This transfer included cash, equipment and all payables (which included an accounts payable to LifeLink in the amount of \$66,017 which remains due), with a net value of \$73,179. This Authority is run by a board of directors, comprised of one member of each of the units of government serviced by the Authority.

Basis of Accounting

Basis of accounting refers to when revenues and expenses are to be recognized in the financial statements. Enterprise funds account for operations that are financed and operated similar to private business enterprises where costs (expenses including depreciation) of providing ambulatory services to the residents. Proprietary funds distinguish operating revenue and expenses from non-operating items. Operating revenue and expenses generally result from providing services in connection with a proprietary fund's principal ongoing operations. The principal operating revenue of our proprietary funds relates to charges to customers for sales and services. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenue and expenses not meeting this definition are reported as non-operating revenue and expenses. The Authority maintains a single enterprise fund to account for its activities.

The Authority recognized revenues and expenses on the "cash basis of accounting." Under this method, receipts are recognized when received and disbursements are recognized when paid.

Budgets and Budgetary Accounting

The Authority has not prepared and approved a budget as required by the Uniform Accounting and Budgeting Act (P.A. 2 of 1968).

Assets, Liabilities and Net Assets or Equity

Bank Deposits and Investments – Cash and cash equivalents include cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired. Investments are stated at fair value.

Inventories – Inventories are valued at cost, on a first-in, first-out basis. These are not significant.

Capital Assets – Capital assets, which include property, plant, and equipment, are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Property, Plant and Equipment are recorded at cost or estimated market value on the date of donation, and are depreciated as follows:

Contributed Assets:	Double declining method	5-15 years
Purchased Assets:	Straight-line method	5-15 years

Compensated Absences – There are no compensated absences provided by the Authority, which would require disclosure under GASB regulations.

Long-term Obligations – In the government-wide financial statements and the proprietary fund type in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary

fund-type statement of net assets. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts are reported as other financing uses. Issuance costs are reported as debt service expenditures.

Comparative Data – Comparative data is not included in the Authority’s financial statements.

Use of Estimates – The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates.

Property Taxes Receivable – Delinquent

Accounting for revenues from Authority’s property taxes has been on a cash basis; that is, property taxes are recognized as revenues only when paid to the Authority. The County of Presque Isle has a revolving tax fund effective in the 2003-2004 fiscal year.

Property Tax Revenue

	2003	Tax Roll Returned To County Uncollected	Collected 2003 Current Taxes, Fees & Other
<u>Current Property Taxes, Fees & Others</u>	<u>Tax Roll</u>	<u>2003 Taxes</u>	
2003 Tax Levy: Presque Isle County	\$231,738	\$31,857	\$199,881
2003 SEV	\$376,197,290		
2003 Taxable Value	\$289,671,913		

Property taxes are levied on each December 1 and are payable by February 15 of the following year. Payments made after the February 15 date are considered delinquent. Voters approved a 1.00 mill tax for 2003 to 2006 on November 5, 2002 for the Authority. The actual levy for the 2003 fiscal year was .8 mills for Authority operations. Subsequent to our June 30, 2004 year end the Presque Isle County Bond Fund remitted check #3564 dated July 6, 2004 in the amount of \$26,200.41. The remaining \$5,657 of uncollected taxes represents personal property and other tax roll adjustments. The difference between the 2003 tax collection of \$199,881 and the \$210,741 report represents 2002’s collection from the Presque Isle County Bond Fund.

NOTE 2 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budgetary Information – An annual budget has not been prepared by the Authority. As a result they are not in compliance with the Uniform Budget and Accounting Act (P.A. 2 of 1980).

NOTE 3 – DEPOSITS AND INVESTMENTS

Michigan Compiled Laws, §129.91, authorizes local governmental units to deposit and invest in the accounts of federally insured banks, credit unions and savings and loan associations that have offices in Michigan. The local unit is allowed to invest in bonds, securities, and other direct obligations of the United States, or any agency or instrumentality of the United States; repurchase agreements; banker's acceptance of United States banks; commercial paper rated within the two highest classifications, which matures not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions which are rated as investment grade; and mutual funds composed of investment vehicles that are legal for direct investment by local units of government in Michigan.

The Authority believes that due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all bank deposits. As a result, the Authority evaluates each financial institution with which it deposits Authority funds and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

At June 30, 2004 the carrying amount of the Authority's deposits was \$174,443 and the bank balance was \$174,443. Of the bank balance, \$100,00 was covered by federal depository insurance. The remaining \$74,443 was uninsured and uncollateralized. State statutes prohibit security in the form of collateral, surety bonds or another form be taken for the deposit of public funds. Investments are categorized to give an indication of the level of risk assumed by the Authority. The Authority's investments are categorized as a Risk Category 1, which would include investments that are insured or registered, or securities held by the Authority or its agent in its name.

NOTE 4 – LEASE AGREEMENT RECEIVABLE

Under terms of a lease agreement dated April 1, 2002, the Authority has leased a 2002 Ford 350 ambulance to Allied EMS Systems Inc. ("Allied") for \$1.00 per month with the term of the lease to run concurrent with the July 1, 2001 service contract with Allied, which provides complete professional and ambulatory service to the Authority. The lease payment will be an offset to Allied's quarterly billings for services.

NOTE 5 – BUILDING LEASE

The Authority, as an assignee of the Rogers City Ambulance Board lease dated June 26, 1995, is responsible to make lease payments to the City of Rogers City for the ambulance building located at 500 West Park Drive, Rogers City, Michigan.

This monthly lease payment is \$1,000 per month and is paid by Allied as part of its service contract with the Authority and charged back in their quarterly billings to the Authority.

Under the terms of the agreement, the Authority can exercise a purchase option prior to October 30, 2005 for an amount not less than \$100 or more than \$15,000 plus assumption of existing debt.

NOTE 6 – CAPITAL ASSETS

Capital asset activity of the City's governmental and business-type activities for the current year was as follows:

	Balance 1-Jul-03	Additions	Disposals	Balance 30-Jun-04
Capital assets being depreciated:				
Equipment	\$ 52,151	\$ 6,063	\$ -	\$ 58,214
Furniture	1,529	-	-	1,529
Vehicles (Ambulances)	<u>116,695</u>	<u>-</u>	<u>-</u>	<u>116,695</u>
Subtotal	<u>170,375</u>	<u>6,063</u>	<u>-</u>	<u>176,438</u>
Less: accumulated depreciation for:				
Equipment	7,364	4,921	-	12,285
Furniture	228	135	-	363
Vehicles (Ambulances)	<u>41,324</u>	<u>22,979</u>	<u>-</u>	<u>64,303</u>
Subtotal	<u>48,916</u>	<u>28,035</u>	<u>-</u>	<u>76,951</u>
Net Capital Assets	<u>\$ 121,459</u>	<u>\$(21,972)</u>	<u>\$ -</u>	<u>\$ 99,487</u>

NOTE 7 – LONG-TERM DEBT

The Authority negotiated an interest-free loan with the County of Presque Isle in 2002 in the amount of \$40,000. Payments of \$8,000 are due on April 1 of each year. However, during this fiscal year, further negotiations resulted in the deferment of the current year payment onto the end of the loan, resulting in the following schedule:

April 1, 2005	\$ 8,000
April 1, 2006	8,000
April 1, 2007	8,000
April 1, 2008	<u>8,000</u>
Total	<u>\$32,000</u>

NOTE 8 – RISK MANAGEMENT

The Authority is exposed to various risks of loss related to property loss, torts, errors and omissions, and employee injuries (workers' compensation), as well as medical benefits provided to employees. The Authority has purchased commercial insurance for property, personal liability, umbrella coverage, worker's compensation and medical benefits claims. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

NOTE 9 – ACCOUNTING AND REPORTING CHANGE

Effective July 1, 2003, the Authority implemented the provisions of Governmental Accounting Standards Board Statement No. 34 (GASB 34), *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, along with all related statements and interpretations. Changes to the Authority's financial statements as a result of GASB 34 include the following:

- A management's discussion and analysis (MD&A) section providing analysis of the Authority's overall financial position and results of operations has been included.
- Government-wide financial statements (statement of net assets and statement of activities), prepared using full accrual accounting for all of the Authority's activities, have been provided.
- The fund financial statements focus on major funds rather than fund types.
- The governmental funds now accrue a liability for compensated absences only to the extent that they come due for payment prior to year end.

June 15, 2005

LETTER OF COMMENTS AND RECOMMENDATIONS

Honorable Supervisor and
Board Members
Rogers City Area Ambulance Authority
Rogers City, Michigan

Dear Sir or Madam:

I wish to express my appreciation for the cooperation extended to me during the audit of your Authority's Financial Statement.

An Authority is required to submit two copies of this audit to the State Treasurer's office. Fifteen (15) copies of the audited Financial Statements are herewith submitted. At one of your next regular Board Meetings the audited Financial Statements should be formally accepted and the copy marked for this purpose made a part of your Minute Book. I will plan to attend that meeting and be prepared to make a brief presentation on the audit.

Prior to this audit I obtained written permission from Authority officials to disclose immediately any findings of suspected fraud and/or embezzlement directly to the Deputy State Treasurer. During the course of the audit I noted no instances of suspected fraud and/or embezzlement.

The following comments and recommendations are submitted in the interest of improved accounting procedures, closer compliance with the various state and federal regulations and requirements.

Comments and Recommendations Pertaining to 2003-2004 Audit Only

1. Accounting Procedures:

The Board does not have a balanced general ledger to support its financial position. A check register is currently utilized with the Treasurer reporting on the cash balance at each meeting.

Recommendation:

A general ledger should be maintained, either manually or by computer, with monthly reconciliation to subsidiary information such as the check register, asset records, etc. The bank reconciliation should also be documented and signed to indicate that the monthly

reconciliation has occurred. The financial statements are currently prepared on the cash basis, but the prescribed accounting method is accrual. Additionally, an annual budget should be prepared for usage as a management tool for the Board. A monthly or quarterly financial statement should be presented to the Board with budget to actual comparisons.

2. Uniform Budgeting and Accounting Act

The Authority has not approved a General Appropriations Act (approved budget) as required by MCL 141.421 et seq. This is an annual requirement and should be approved prior to any expenditures of the new year.

Recommendation:

The Board can review the “Uniform Budgeting and Accounting Act” on the State of Michigan website. The basic provision is that the “proposed budget” created by the Board must be presented at a public hearing, with evidence of said hearing also advertised. Once passed, expenditures cannot exceed the amount authorized in the Appropriation Act unless said Act is amended.

3. Building Lease

The Authority currently leases a building from the City of Rogers City for \$1,000 per month, which is paid by Allied EMS as part of its service contract. The history of this agreement shows that the city was involved to facilitate the building construction, but has indicated a desire to have the Authority exercise its purchase option.

Recommendation:

Considerable equity has already been generated in the ambulance building as a result of the rental payments since 1995. As this purchase agreement option is active until October 30, 2005, the Authority should consider negotiations with the City of Rogers City to exercise this option.

4. Acceptance by Board of Audited Financial Statements

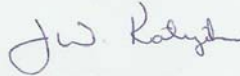
It is recommended that these Audited Financial Statements and recommendations be accept by the Board by a motion similar to the following:

“Moved by _____ and seconded by _____
that the 2003-2004 Audited Financial Statements be accepted as presented
and that, insofar as possible, the recommendations made by our auditor in
his Letter of Comments and Recommendations be followed.”

Rogers City Area Ambulance Authority
Letter of Comments and Recommendations
(Continued)

As indicated, I will plan to attend one of your next regular Board Meetings. Please let me know your preferred date as soon as possible.

Sincerely,

A handwritten signature in dark ink, appearing to read "J.W. Kieliszewski". The signature is fluid and cursive, with the first letters of the first and last names being capitalized and prominent.

J.W. Kieliszewski